

**ANNUAL REPORT  
OF THE  
BOARD FOR THE COORDINATION OF  
CHILD CARE REGULATION**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**October, 1999**

# INDIANA LEGISLATIVE COUNCIL

## 1999

Senator Robert Garton

Chairman

Columbus

Speaker John Gregg

Vice-Chairman

Sandborn

Senator Richard Young

Milltown

Representative Paul Mannweiler

Indianapolis

Senator Harold Wheeler

Larwill

Representative Mark Kruzan

Bloomington

Senator Joseph Harrison

Attica

Representative Dale Grubb

Covington

Senator Patricia Miller

Indianapolis

Representative William Cochran

New Albany

Senator Thomas Wyss

Fort Wayne

Representative Charlie Brown

Gary

Senator James Lewis

Charlestown

Representative Jeffrey Linder

Waldron

Senator Earline Rogers

Gary

Representative Richard Mangus

Lakeville

Philip J. Sachtleben  
Executive Director  
Legislative Services Agency

# BOARD FOR THE COORDINATION OF CHILD CARE REGULATION

## Membership Roster

### Representatives

William Crawford, Chairperson  
Indianapolis

Mary Kay Budak  
LaPorte

### Senators

Teresa Lubbers  
Indianapolis

Rose Ann Antich  
Merrillville

### Lay Members

Ellen Clippinger  
Indianapolis

Sven Schumacher  
Indianapolis

Donald Amos  
Columbus

Nathan Samuel  
Jeffersonville

Barb Schuck  
Indianapolis

James Hmurovich  
Indianapolis

Johnie Underwood  
Indianapolis

Cheryl Seelig  
Noblesville

Kimberly Tracy Armstrong  
Brownsburg

Carol Johnson  
Muncie

Marsha Hearn-Lindsey  
Indianapolis

Sharon Pierce  
Indianapolis

Mara Snyder  
Indianapolis

### Staff

Susan Cullen  
Attorney for the Board

Ron Sobecki  
Fiscal Analyst for the Board

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Commission can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

## **I. STATUTORY DIRECTIVE**

The Indiana General Assembly enacted legislation (IC 12-17.2-3.1) directing the Board to study the following topics:

- (1) The need for changes in the scope and degree of child care regulation established by statute or rule, or both.
- (2) The need to reorganize governmental units involved in the regulation of child care facilities to promote effective and efficient child care regulation, including the form that a needed reorganization should take.
- (3) A method for the completion of a statewide needs assessment to determine the availability and projected need for safe and affordable child care.
- (4) The need for programs to meet the needs of Indiana residents if the board determines that safe and affordable child care facilities are not available and easily accessible to Indiana residents.
- (5) The effect of pending and enacted federal legislation on child care in Indiana and the need for statutory changes to qualify for federal child care grants and to comply with federal child care requirements.

## **II. INTRODUCTION AND REASONS FOR STUDY**

The Board met to carry out its responsibilities to study child care under Indiana Code 12-17.2-3.1-11. The Board for the Coordination of Child Care Regulation expired on November 1, 1997. It was recommended in the 1998 final report of the Interim Study Committee on Family Law Issues to reestablish the Board for a two year period. The purpose was to give the Board the opportunity to examine various child care issues and approve any changes to the Division of Family and Children's foster care rules which have not been amended since 1946.

## **III. SUMMARY OF WORK PROGRAM**

The Board met five times and heard testimony from 13 witnesses.

The first meeting held on August 31, 1999 focused on the following: (1) The availability of subsidized day care. (2) The utilization of federal funds for child care. (3) The status of the Child Care Development Fund (CCDF) program waiting lists throughout the state. (4) An update of the Capital Access Program (CAP) since the passage of HEA 1985.

At the second meeting of the Board held on September 14, 1999, the Board addressed the following issues: (1) The need for child care and the quality of child care in Indiana. (2) Various Family and Social Services Administration (FSSA) policies and various child care provider statistics. (3) The need for subsidies for child care. The Board also heard public testimony.

At the third meeting of the Board held on September 28, 1999, the following topics were discussed: (1) The Department of Education's policies regarding after school child care programs. (2) Minimum standard requirements for providers receiving CCDF vouchers and FSSA's proposed minimum standard requirements. The Board also heard public testimony.

The fourth meeting of the Board was held on October 7, 1999. The Board addressed the following issues: (1) Special needs foster care training hour requirements. (2) The implementation of HEA 1576 which deals with special needs and therapeutic foster family homes. (3) Social Services Block Grant (SSBG) funding and CCDF vouchers. The Board also heard public testimony.

The fifth meeting of the Board held on October 18, 1999, was for the purpose of reviewing and voting on the final report.

#### **IV. SUMMARY OF TESTIMONY**

The Board heard testimony from the Family and Social Services Administration, the Division of Family and Children, the Indiana Development Finance Authority, the Department of Education, and private child care providers.

##### **Child care funding and availability**

Subsidized child care in Indiana is primarily funded through three sources of funds: (1) The Child Care Development Fund (CCDF); (2) Indiana's Temporary Assistance to Needy Families (TANF) block grant; and (3) the Social Services Block Grant (SSBG). On August 30, 1999, Governor O'Bannon announced that an additional \$39.7 million in TANF savings would be available for Indiana's working families that are in need of child care. Following the Governor's announcement statewide child care expenditures have more than doubled between 1997 and 2000. As of the end of June 1999, approximately 10,800 Indiana children were on waiting lists across the state. The \$39.7 million made available by the Governor will virtually eliminate the waiting list as it existed at the end of June 1999.

According to testimony by FSSA, as of the end of July 1999, there were 671 licensed child care centers and 3,298 licensed homes in Indiana which have the capacity to serve 97,816 children. FSSA's data reflects that the capacity of licensed child care homes and centers has increased by approximately twenty-four percent between July 1994 and July 1999. Approximately seventy percent of children under the age of six are in families where all parents are working and the children are in need of child care. A number of sources also show that there is a need to increase the capacity for quality child care for infants and for children whose parents are employed during second and third shifts.

The Board received information from FSSA regarding the differences between CCDF vouchers and SSBG funds which are also referred to as Title XX funds. The SSBG is federal money that goes to the state and can be used for many purposes. The state of Indiana has received Title XX funding for more than 20 years and has allocated the money to many different programs which include child care programs. SSBG has approximately \$8.9 million in funding and serves about 6,500 children. Title XX provides a cushion for subsidized child care because many people do not meet the eligibility for CCDF vouchers. The Title XX funds are available in 37 counties in Indiana and are administered through contracted providers. Currently, 101 providers contract with Title XX and all of those providers are licensed. All Title XX claims are paid through the state.

CCDF has existed for only about 6 or 7 years and has approximately \$141.7 million in funding. (This dollar figure does not include the \$39.7 million in TANF savings that were made available

by the Governor on August 30, 1999.) CCDF serves about 65,000 children. CCDF vouchers are available in 92 counties and are administered through county voucher agents who give the voucher to parents who then take the voucher to a provider. There are 18,000 providers who contract with CCDF and only forty percent of those providers are licensed. Unlike Title XX claims that are paid through the state, CCDF provider claims are reimbursed by a voucher agent.

The purpose of child care vouchers is to make child care affordable for people who can demonstrate a need for assistance. There are 2,500 licensed child care providers that receive vouchers and 17,300 providers who are exempt from licensing that receive vouchers. A concern that was expressed by Board members as well as during testimony was the fact that CCDF vouchers may be given to an unlicensed child care provider. Current law does not restrict who may receive a CCDF voucher whereas persons receiving SSBG money must go to a licensed child care provider.

One of Indiana's goals is to allow parents to access a greater quality of child care and also to allow parents to choose the type of care they prefer. Only thirty percent of children with working parents have access to licensed child care and one of FSSA's goals is to increase this number to fifty percent. FSSA is also using various methods to make the business community more aware of child care issues in the state of Indiana because child care is an important issue not only for employees but also for employers. Another method is to work with private lenders to provide financing to child care providers through Capital Access Program (CAP) loans.

The CAP loan is a way to make the lender and the borrower feel more secure about a loan by establishing a loan reserve fund for each bank. The fund consists of a contribution (1.5% to 3.5% of the value of the loan) from the lender, the borrower, and the Indiana Development Finance Authority (IDFA) which can be accessed if the borrower defaults on a loan. HEA 1985 (P.L. 227) allows IDFA to triple its contribution to the loan reserve fund when the borrower is a licensed child care facility and this in turn makes the loans more attractive to the lender. HEA 1985 also allows IDFA to issue bonds for building child care facilities. IDFA has a two-pronged campaign in place to inform banks and child care facilities of the CAP program and is also actively working with the Community Bankers Association to implement the program.

### **Minimum standard requirements**

In order to improve the quality and safety of child care in the state of Indiana, the Division of Family and Children has established minimum standard requirements for child care providers that accept voucher reimbursements. It is within the discretion of the local Step Ahead Councils whether or not to adopt these standards in each county. Currently, 56 counties have adopted the following standards through the local Step Ahead Councils:

1. Have at least one working smoke detector on each floor of the home.
2. Annual TB testing.
3. Have a written emergency plan for informing parents of various things such as illness of a provider, back-up plan for care in an emergency situation, and fire or tornado evacuation procedures.
4. Infant/child CPR certification biannually and first aid training every three years.
5. Complete a criminal history check for all residents of the provider's home or child care site.

The Division of Family and Children has proposed three additional requirements for providers accepting voucher reimbursements:

1. Have one working telephone in each child care home or site.
2. Have one working fire extinguisher placed in the child care area of the child care home or site.
3. Provide for a safe environment by locking up firearms and ammunition in an area away from the children in care, and storing poisons, chemicals, bleach and cleaning materials on high shelves away from children's reach or keep those items locked up.

The Division has also proposed additional requirements to its criminal history review policy procedures, and has proposed a requirement that all providers, licensed and license exempt, consent to a clearance of Child Protective Services information held by the Division of Family and Children.

### **After school day care programs**

IC 20-5-2-1.5 requires each school corporation to conduct a school age, after school child care program for children who attend kindergarten through grade 6. A school may choose to conduct a before school program as well. Each school corporation is allowed to contract with a not-for-profit or for-profit organization and utilize the school building in order to implement these programs. Under the statute, a school corporation may receive a waiver from the program requirements if the school corporation would experience an undue hardship due to a low number of eligible children in the program.

There are 294 school corporations in Indiana and about 250 to 270 of those offer child care programs while about 25 to 50 request a waiver each school year. The statute requires each school corporation to develop a written policy that addresses compliance with standards for reasonable care which include acquiring liability insurance and establishing maximum adult to child ratios. The Department of Education (DOE) advises schools on the implementation of child care policies and fields complaints and concerns from the public if there are any.

It was noted during testimony that IC 12-17.2-2-8 exempts schools from licensing requirements and that IC 20-5-2-1.5 allows school corporations to contract with for-profit or not-for-profit child care providers, but that neither of these statutes exempt for-profit or not-for-profit providers from the licensing requirements. Public testimony suggested that the providers that school corporations contract with have an advantage over other providers because the contracted providers are not meeting licensing requirements and they have free use of the school buildings. The issue raised was whether the providers being contracted with should be required to have a license.

### **Special needs foster care training requirements**

HEA 1576 defines a special needs foster family home as a home that provides care for a child who has a mental, physical, or emotional disability and will require additional supervision or assistance in behavior management, activities of daily living, or management of medical problems. HEA 1576 requires applicants for a special needs foster family license to meet the same requirements as regular foster family homes and complete ten hours of in-service training each subsequent licensing year to meet the children's specific needs.

During testimony the issue was raised that special needs foster parents are not being credited for the number of hours they are fulfilling. Testimony reflected that case workers are not uniformly crediting foster care parents for all of the hours of training they are attending. It was suggested that FSSA reevaluate the hours of training foster parents are fulfilling and assure that case workers credit foster parents for those hours.

The Division of Family and Children's position is that the range of training that is accepted for special needs foster care parents varies widely. Training should be accepted so long as the training technique is beneficial to the foster parent and the hours can be documented. It was agreed amongst Board members and the Division that a possible solution to this problem concerning special needs training hours was to come up with a way to better document the number of hours foster care parents are fulfilling.

## **V. COMMITTEE FINDINGS AND RECOMMENDATIONS**

At the October 18, 1999 meeting, the Board made the following findings and recommendations:

1. The Board endorses maintaining a contract system for child care and endorses administrative action to encourage Congress to maintain flexibility in moving funding to the Social Services Block Grant.
2. The Board finds that the licensure and regulation of school age child care programs needs further study.
3. The Board finds that it is necessary to continue to address the issue of child care in any plans for the second phase of welfare to work (for those coming off assistance but still receiving low wages).
4. The Board finds that FSSA should amend 470 IAC 3-2-6 to recognize degrees other than a master's degree in social work for a supervisor position.
5. The Board recommends there be a bill introduced to require all contracts entered into under IC 20-5-2-1.2 to be in writing.
6. The Board supports the state using administrative means to require that all child care providers who accept child care voucher reimbursement meet the following minimum standards:
  1. Have working smoke detectors that meet the same requirements as for licensed child care homes in Indiana (470 IAC 3-1.1-46(l)).
  2. Have an annual intradermal TB test and provide the result to the voucher agent. All adult residents in the provider's home who are 18 years of age or older must also have an annual intradermal TB test and result.
  3. Have a written emergency plan for notifying parents regarding:
    - a. Illness, serious injury, or death of a provider;
    - b. A back-up plan for care in an emergency; and
    - c. A plan for emergency evacuation that is available in a conspicuous location.



4. Maintain current certification in infant/child CPR and first aid training.
5. Have one working telephone in each child care home or site.
6. Have monthly, documented fire drills in each child care home or site in accordance with Article 13 of the Indiana Fire Code.
7. Provide for a safe environment.
  - a. Firearms and ammunition will be locked up in an area away from the children in care.
  - b. Poisons, chemicals, bleach, cleaning materials will be stored on high shelves away from children's reach or locked up.
8. Consent to and pay for their own limited criminal history check and a limited criminal history check for all residents of the provider's home or child care site who are 18 years of age and older and any child under the age of 18 who has been waived from juvenile to adult court. All providers must report any police investigations, arrests or convictions of specified crimes regarding themselves or other residents in the home or child care site within five calendar days to the voucher agent.

As part of this recommendation, the Board for the Coordination of Child Care Regulations supports the state using administrative means to prohibit individuals convicted of a felony from receiving child care vouchers as a provider and supports the ability of counties to add standards to any required minimum standards.

## WITNESS LIST

Ms. Kathryn Azhar  
President of Infant Day Care, Inc.  
President of Home Care Support, Inc.

Ms. Tricia Blender  
Supervisor, Child Welfare Program and Policy  
Division of Family and Children

Ms. Janet Deahl  
Chief, Educare Section, Bureau of Child Development  
Division of Family and Children

Ms. Lauralee Martin  
Deputy Director, Division of Family and Children  
Bureau of Child Development

Ms. Lauren Polite  
Legislative Liaison  
Family and Social Services Administration

Ms. Cheryl Seelig  
President of Seeco, Inc.

Mr. Terry Spradlin  
Policy and Planning Specialist  
Department of Education

Ms. Carole Stein  
Manager Child Care Quality and Access  
Family and Social Services Administration

Ms. Michelle Study  
Program Associate  
Indiana Development Finance Authority

Ms. Courtney Tobin  
General Counsel  
Indiana Development Finance Authority